

PUBLIC EMPLOYEES'
RETIREMENT SYSTEM

of the

State of Montana

TENTH ANNUAL REPORT

1954 - 55

DEASE RETURN

Sam W. Mitchell Building
Helena, Montana

Telephone

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Extension - 217

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STATE OF MONTANA

PUBLIC EMPLOYEES RETIREMENT SYSTEM

SAM W. MITCHELL BUILDING ROOM 236 PHONE 4102 HELENA, MONTANA

September 15, 1955

Honorable J. Hugo Aronson Governor of Montana Helena, Montana

Dear Governor Aronson:

The Board of Administration of the Public Employees' Retirement System of Montana herewith presents its Tenth Annual Report of its operations and progress during the fiscal year of 1954-55 in compliance with the provisions of Section 68-501 (c), Revised Codes of Montana, 1947.

We take great pleasure and satisfaction in reporting not only our increased growth in membership and assets during the past fiscal year but the significant progress that our department has experienced during its first decade of operation which ended on June 30, 1955.

We feel that the new amendments to the Public Employees' Retirement Act which were enacted by the Thirty-fourth Legislative Assembly of Montana will materially assist us in the administration of our department and better serve the interests of our members, and we wish to express our appreciation to you and all the members of that legislature for your support and approval of the new amendments.

The Public Employees' Retirement System contributes materially to the improvement of the personnel standards for efficient, economic and stable public service among the employees of the State of Montana and its political subdivisions through its provision for some measure of security to its members and beneficiaries who devote a large portion of their lives to public service.

We appreciate the opportunity of providing full and complete benefits to our faithful and deserving public employee members and trust that we may always be able to reward their service with the full measure of security it merits.

Respectfully submitted,

BOARD OF ADMINISTRATION
PUBLIC EMPLOYEES' RETIREMENT SYSTEM

John F. Sasek, Secretary

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REPORT AS OF JUNE 30, 1955

For the Period Beginning July 1, 1954, and Ending June 30, 1955

BOARD OF ADMINISTRATION

Mrs. Elmer Schye, White Sulphur Springs	• President
Malcolm Bowden, Helena Vic	ce President
Hubert G. White, Townsend	• · Hember
Joe D. Brown, Missoula	• • Member
Irvin G. Snyder, Helena	• • Member

ADMINISTRATIVE STAFF

Secretary	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•	Sasek .	$in F_{\bullet}$	Joi
Accountant	?f 1	ie.	Ch		•	•	•	•	•	•	•	•	•	•	•	•	•	•	•	Valsh	Eddie	D_{ullet}
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IEGISLATION

There were several amendments made to the Public Employees'
Retirement Act by the Thirty-fourth Legislative Assembly of 1955.
These were approved and signed into law by Governor J. Hugo Aronson on February 23 and Larch 2, 1955, and became effective as of the dates indicated after each change listed below. The Social Security amendments for public employees were approved and signed into law on March 15, 1955, and are noted here since these amendments designate the Public Employees' Retirement System as the agency to administer Federal Social Security for public employees in Montana effective as of July 1, 1955.

The changes effected by the 1955 amendments are:

- 1. Compulsory retirement of members of the Public Employees'
 Retirement System at the age of seventy (70) is no longer
 mandatory or discretionary for the Board of Administration
 but is now left to the control of the employer agencies.
 (Effective July 1, 1955)
- 2. "Temporary" employees are no longer classified as such but are subject to membership the same as regular employees. (Effective July 1, 1955)
- 3. Appointive members of boards or commissions who serve on a per diem basis and intermittently are no longer eligible for membership in the retirement system. (Effective Larch 2, 1955)
- 4. New employees who are sixty (60) or more years of age at the time of employment, and who have never previously been employed in covered public service in Montana are ineligible for membership in the retirement system unless they elect membership. (Effective Larch 2, 1955)
- 5. All prior service credit in covered agencies shall be granted to a member upon retirement provided that he or she has completed ten (10) or more years of creditable public service in Montana and contributed as a member to the retirement system for at least three (3) years, and provided that such prior service credit has not previously been qualified. (Effective March 2, 1955)
- 6. All compensation earned by a member will be subject to deductions for membership in the retirement system thus removing the previous salary limitation of \$416.66 per month. (Effective July 1, 1955)

- 7. Members who have been earning salaries in excess of \$416.66 per month and contributing for membership thereon may qualify their actual compensation retroactively to July 1, 1952, by paying contributions on the excess amount plus a three (3) percent employer share. (Effective July 1, 1955)
- 8. Every member will be entitled to receive 100% of his or her contributions upon demand after the termination of his or her service and the receipt of all contributions to the retirement system providing such termination is on or after July 1, 1955. (Effective July 1, 1955)
- 9. All members retired on disability retirements may be subject to annual examinations requested by the Board of Administration regardless of age or type of disability. (Effective Larch 2, 1955)
- 10. Retired members may be re-employed by a covered public agency during emergency periods after retirement on a temporary basis but will lose retirement benefits during the period of such emergency employment. (Effective March 2, 1955)
- 11. Retirement benefits will no longer be subject to state or municipal taxes. (Effective Larch 2; 1955)
- 12. Governing bodies of political subdivisions which are contracting members of the retirement system may add Federal Social Security coverage to their present coverage under the Public Enployees' Retirement System for their employees by a referendum authorized by the Governor. (Effective July 1, 1955)
- 13. State employees may secure Federal Social Security coverage in addition to their present membership in either the Public Employees' Retirement System or the Teachers' Retirement System through a referendum authorized by the Governor. (Effective July 1, 1955)
- 14. Governing bodies of school districts and colleges may proviac Federal Social Security coverage for their teachers and professional employees who are members of the Teachers' Retirement System through a referendum authorized by the Governor (Effective July 1, 1955)

INCOLE AID DISBURSELENTS 1954-55 Assets as of June 30, 1955 9,180,971.92 INCOME FOR YEAR ENDING June 30, 1955: \$ 297,983.74 Interest on Investments . . 1,717,901.44 Employees' Contributions 831,607.77 Employers' Contributions 121,619.49 Contributions to Expense *8,349,26* Prior Service Purchased TOTAL INCOLE 2,977,461.70 BALANCE CARRIED FORWARD \$12,166,433.62 DISBURSEMENTS FOR YEAR ENDING June 30, 1955: Capital Disbursements: Retirement Payments -- A.R.F. 48,754.94 Retirement Payments -- P.A.F. . 480,926.42 13,912.82 Disability Payments -- A.R.F. 137,034.56 Disability Payments -- P.A.F. 70,566.75 65,364.01 Death Payments -- A.S.F. Refunds Death Payments -- P.A.F. Employees ' Savings Refunds . 402,010.06 0.00 Membership Fee Refunds 129.42 Employer Refunds TOTAL CAPITAL DISBURSELENTS # 1,218,698.98 Investment Disbursements: *Bank Service Charge · · 18,472.90 Premium Charge Off--Bonds and 44,639.17 Mortgages -Interest Purchased on Investments - 7,430.08 TOTAL INVESTMENT DISBURSELENTS 52,069.25 *Bank Service Charge is not included in the total as this charge is withheld by the servicing agency before making remittance to the Retirement System. Disbursements for Administrative Expense: 37,697.81 3,300.00 Travel Expense, Employees . . Travel Expense, Board Members Per Diem, Board Members 1,750.15 1,909.58 800.00 Telephone & Telegraph 635.79 257.35 683.90 Postage 883.42 Supplies 671.79 Service Contracts Insurance and Bonds 136.64 50.00

356.40 1,184.92

97.97

1,816.53

Medical and Investigation Expense

Departmental Contribution to EERS

Miscellaneous . .

Depreciation, Furniture & Fixtures

ASSETS AND LIABILITIES STATEMENT

ASSETS:

2.4

*Cash	
	# 1 0 y 0 1 0 y 1 0 0 0 0 1 1
LIABILITIES:	
#Interest Account	
TOTAL LIABILITIES ,	\$10,843,432.14
*On Deposit with State Treasurer. ©Held in Retirement System Office. "The interest account has been distributed as followed as followed as for the Reserve for interest required on Annuity Savings Fund	\$\tag{\psi} \tag{190,042.85} \tag{55,871.64}

This transfer was effected in accordance with the computations of the Actuary:

245,914.49

The assets and liabilities; in detail, were examined and verified by the office of the State Bank Examiner and a copy of the report of that examination is on file in the retirement office available for inspection.

TOTAL TRANSFERRED : : . . .

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COLIPARISON CHART OF ASSETS AND DISBURSELENTS

1953-	Percentage -54 1954-55 of Change	
Capital Disbursements 1,123,0 Administrative Expense 57,0 Assets at end of year 9,188,9 Investments at end of year 8,944,0	047.96	1070
Ratio of Administrative Expense to Assets	21% .482% Down .139%	%
Ratio of Administrative Expense to Total Expense* .48	33% .369% Down .087%	%

*The total expense figure does not include disbursements on investments as these disbursements are in part recoverable as accrued interest and the remainder are costs to earned interest income and are reflected in total yield from investments.

The comparison shown above indicates that 8.51% more was disbursed in all benefits during the fiscal year and that 18.00% more was held in assets. This increased our investments by 15.79% while the administrative expense decreased 8.44%. The ratio of administrative cost to assets has been decreased .13% and the ratio of such expense to the total expenses decreased by .08% indicating that an increased workload is being handled at a lower cost.

RECAPITULATION OF INVESTMENTS

MONTANA MUNICIPAL BONDS:

Meagher County Court House Bonds	\$ 12,250.00
Ravalli County, General Obligation	40,000.00
Sanders County, Hospital	15,000.00
Silver Bow County, General Obligation	23,000.00
Toole County, Kevin Water Bonds	30,000.00
City of Columbia Falls, General Obligation	45,000.00
City of Cut Bank, General Obligation	41,000.00
Town of Denton, General Obligation	17,500.00
Town of Fairfield	42,000.00
City of East Helena	66,000.00
City of Polson	33,200.00
City of Sidney, Swimming Pool Bonds	35,000.00
City of White Sulphur Springs	12,000.00
Augusta High School	50,000.00
Blaine County, Turner High School	42,000.00
Cascade County High School District "B"	21,840.90
Chouteau County High School District #1	37,500.00
Deer Lodge County High School	170,000.00
Fergus County Denton High School	15,000.00
Flathead County, Whitefish High School Lincoln County, Libby High School	14,570.33
Lincoln County, Libby High School	4,750.00
Richland County, Fairview High School	13,000.00
Rosebud County High School	75,000.00
Rosebud County High School	177,000.00
Toole County High School	32,000.00
Yellowstone County, Broadview High School	37, 128.00
Broadwater County, S.D. No. 7	82,200.00
Broadwater County, S.D. No. 7	18,197.20
Custer County, S.D. No. 1	10,000.00
Custer County, S.D. No. 1	49,000.00
Fergus County, S.D. No. 84	26,000.00
Glacier County, S.D. No. 15	14,814.49
Hill County, S.D. No. 16	. 92,500.00
Jefferson County, S.D. No. 2	28,000.00
Jefferson & Madison Counties, S.D. Nos. 4 & 47	31,000.00
Lincoln County, S.D. No. 4	101,000.00
Phillips County, S.D. No. 14	24,824.47
Pondera County, S.D. No. 10	28,000.00
Rosebud County, S.D. No. 9	20,000.00
Sanders County, S.D. No. 2	19,721.67
Sheridan County, S.D. No. 20	87,750.00
Silver Bow County, S.D. No. 1	32,500.00
Toole County, S.D. No. 11	10,000.00
Yellowstone County, S.D. No. 21	6,300.00

TOTAL MONTANA MUNICIPAL BONDS \$1,783,547.06

UNITED STATES GOVERNMENT BONDS:

Series "G"	
Series A-1965	250,000.00
Treasury B-1975	775,000.00
	885,000.00
Treasury - $3\frac{1}{4}\%$ - 197883	986,993.75
	356,000.00
Series J., 12 year appreciation	bonds <u>144,000.00</u>

TOTAL UNITED STATES GOVERNMENT BONDS

\$4,896,993.75

MORTGAGES:

F.H.A. Title	VI Mortgages				. \$ 22,687.86
F.H.A. Title	II Mortgages			•	• 1,380,113•49
Veterans Adm	inistration (G.I.	Insured	Mortgages).	•	. 2,532,401.05
				_	

TOTAL INSURED MORTGAGES

\$3,935,202.40

Registered	Warrants	46.11
Advance to	Social Security Division, P.E.R.S	5,000.00

TOTAL INVESTLENTS

\$10,620,789.32

The investments recapitulated above have been examined by the Bank Examiner's Department of the State of Montana and have been declared in balance. The United States Government Bonds and Montana Municipal Bonds are held in the custody of the State Treasurer. The records on mortgages and the Registered Warrants are held in the Retirement System office.

Detail as to numbers, maturity dates, investment yield and other data is a matter of record in the Retirement System office and may be inspected upon request.

GK OVI'H

During the past fiscal year, the System realized an increase in membership of 642 members as of June 30, 1955. Claims have increased by 210, and compulsory Retirement Extensions have increased by 32. The increase in membership was gained even though separations, followed by refuncs, totaled 2,225 and members transferred to claimant status total 210. During the year, the System serviced 13,297 persons employed by the State of Montana or other member agencies.

. LEIBERSHIP

TOTAL	State Departments Counties Cities School Districts County High Schools Other Agencies Inactive Accounts	Fiscal Year	State Departments Counties Cities School Districts County High Schools Other Agencies Inactive Accounts	. Fiscal Yeal
8,124	4,312 1,748 762 434 45 98 725	. 1950-51	1,677	1945-46
3,922	7, 763 7, 980 566 60 103 628	1,951-52	2,864 67 203 46	1946-47
9,718	5,088 2,264 1,005 628 62 111 560	1952-53	3,242 1,129 488 192 15	1947-48
10,188	5,211 2,487 1,146 728 72 164 380	1953-54	3,285 1,348 610 294 22 84 419	1948-49
10,818	5,654 2,625 1,206 775 82 460 314	1954-55	3,731 1,460 712 328 28 99 536	1949-50

CLA IMS	DEATH BENEFIT Lump Sum Survivorship	DISABILITY	RETIREMENT	TOTAL
Fiscal Year				
1945-46 1946-47 1947-48 1948-49 1949-50 1950-51 1951-52 1952-53 1953-54 1954-55	1 35 69 124 162 215 270 323 381 11 443 23	24 38 64 84 113 145 174 199 233	124 239 347 530 622 732 827 929	1 59 231 427 593 863 1,037 1,229 1,418 1,628

The figures in this chart are cumulative since the beginning of the Retirement System. Death Claims processed during the fiscal year of 1954-55 totaled 61. Disability olaims serviced during the year totaled 181 with 12 being removed from the Disability Roll by death or transfer. This leaves a net total of 169 members on Disability Retirement as of June 30, 1955.

Survivorship Annuities were granted to twelve beneficiaries of deceased members bringing to 23 the number being paid as of June 30, 1955.

Service Retirements serviced during the year totaled 759 with 41 being removed from the Retirement Roll by death or transfer. This leaves a net total of 718 members on Service Retirement as of June 30, 1955.

MEMBERSHIP STATUS

STATE DEPARTMENTS

Adjusted Compensation Division	ı 1	Legislature	4
Adjutant General	11	Library Extension Commission	3
Aeronautics Commission	3	Liquor Board	273 -
Agriculture Department	57	Livestock Commission	61
Apprenticeship Council	6		
	11	Livestock Sanitary Board	47
Attorney General		School of Mines	30
State Auditor	23	Normal College .	18
Bank Examiners	15	Northern Montana College	21
Chancellor's Office	1	Nurses Examining Board	4
Civil Defense	1	Orphans' Home	62
College, Montana State	<i>362 .</i>	Board of Pardons	3
Controller's Office	26	Personnel Division	3 1
Custodian, Capitol	<i>30</i>	Plumbing Examiners	1
Deaf and Blind School	18	Poultry Improvement Board	ī
District Judges	20	Prison	89
Eastern Montana Normal School	29	$P_{\bullet}E_{\bullet}R_{\bullet}S_{\bullet}$	11
Entomologist	3	Public Instruction	- 29
Equalization, Board of	65		
		Public Welfare	281
Examiners, State Board of	8	Railroad & Oil Conservation	
Fish and Game Department	185	Registrar of Motor Vehicles	63
Forestry Department	<i>63</i>	Secretary of State	. 7
Governor's Office	2 1	Soldiers' Home	16
Grass Conservation Board	1	Supreme Court	11
Hail Insurance	3 92	Teachers' Retirement System	7
Board of Health	92	Trade Commission	2
H i ghway	1,628	Training School	96
Highway Patrol	28	Treasurer's Office	6
Historical Library	- 12	Tuberculosis Sanitarium	287
Home for the Aged	20	$U_{\bullet} C_{\bullet} C_{\bullet}$	216
State Hospital	405	University	209
Industrial Accident Board	31	Veterans' Welfare Commission	42
Industrial School	5 <u>4</u>	Vocational Rehabilitation	17
Labor and Industry			
	3 20	Vocational School for Girls	
Land and Investments		Water Conservation Board	84
Law Library	2	Ten-Year Inactive Accounts	49
		Inactive Accounts	307
		STATE DEPARTIENTS TOTAL	5,654
	*	SIMIE DEIMINISTIS TOIME	0,004
COUNTIES:	5		
	•		
County Attorney	31	Fallon County	21
Beaverhead County	28	Fe r gus County	54
Big Horn County	48	Flathead County	118
Blaine County	<i>3</i> 8	Gallatin County	93
Broadwater County	25	Garfield County	23
Carbon County	46	Glacier County	40
Carter County	18	Golden Valley County	17
Cascade County	157	Granite County	32 .
Choteau County	48		61
		Hill County	
Custer County	49	Jefferson County	39
Daniels County	26	Judith Basin County	32 '
Dawson County	40	Lake County	47
Dee r Lodge County	42	Lewis & Clark County	96

Liberty County Lincoln County Madison County McCone County Meagher County Missoula County Musselshell County Park County Petroleum County Phillips County Pondera County Powell County Powder River County Prairie County Ravalli County	24 34 22 28 20 99 21 30 9 49 60 33 16 25 48	Richland County Roosevelt County Rosebud County Sanders County Sheridan County Silver Bow County Stillwater County Sweetgrass County Teton County Toole County Treasure County Valley County Wheatland County Yibaux County Yellowstone County	48 86 41 47 43 162 30 16 65 54 14 37 25 25 145
	•	TOTAL	2,625
Anaconda Belt Big Sandy Billings Bozeman Butte Cascade Chinook Choteau Circle Columbia Falls Conrad Culbertson Cut Bank Deer Lodge Dillon East Helena Fairfield Fairview Forsyth Glasgow Glendive Great Falls Hamilton Hardin	8 4 2 195 76 70 1 17 9 3 8 11 1 20 7 15 5 2 4 10 6 27 213 7 17	Havre Helena Kalispell Laurel Lavina Lewistown Libby Livingston Lalta Miles City Missoula Phillipsburg Plains Plentywood Polson Poplar Roundup Ryegate Sidney Stanford Townsend Whitefish Winnett Wolf Point	51 90 51 25 0 15 0 22 9 31 76 5 3 10 10 6 13 0 20 2 4 16 0 9
		${\it CITIES}$ ${\it TOTAL}$	1,206
SCHOOL DISTRICTS:			
#1 Big Timber #1 Butte #1 Choteau #1 Circle #1 Corvallis	. 52 6 2 3	#1 Deer Lodge #1 Glendive #1 Great Falls #1 Helena #1 Garfield County	9 4 141 40 · 3

#1 Lewistown #1 Miles City #1 Missoula #1 Plains #1 Red Lodge #1 Scobey #1 Virginia City #2 Alberton #2 Billings #2 Bridger #2 Dodson #2 Helena #2 Sunburst #2 Thompson Falls #3 Cascade #3 Hamilton #3 Superior #4 Forsyth #4 Livingston #4 & 47 Whitehall #5 Kalispell #5 Fark City #5 Sand Coulee #5 Sheridan #5 Sidney #5 Terry #6 Ryegate #7 Bozeman #7 Hinsdale #7 Laurel #7 Townsend #8 Elder Grove #9 Browning #9 Chinook #9 Dixon #9 Misselshell #9 Opheim #10 Anaconda #10 Conrad #10 Dillon #10 Noxon	13766572874213328548221145082750102034178822	#12 Klein #12 Rosebud #12 Saco #12 Stanford #1 & 13 Box Elder #13 Fairview #13 Nashua #14 Chinook #14 Malta #15 Custer #15 Cut Bank #16 Havre #17 Culbertson #17 Hardin #19 Brady #20 Plentywood #21 Broadview #23 Polson #23 Roberts #24 Three Forks #25 Hobson #27 Augusta #28 Ronan #29 Belt #30 Power #31 Gilman #33 Oilmont #38 Bigfork #39 Simms #41 Lavina #44 Belgrade #45 Augusta #45 Wolf Point #50 East Glacier #50 East Glacier #52 Absarokee #53 Wilsall #55 Brockton #55 Roundup #58 Geyser #64 Melstone #75 Greenfields #159 Winnet	1525165195614216232110858024223221682403260 775
COUNTY HIGH S CHOOLS:		TOTAL	770
Beaverhead County High Broadwater County High Custer County High Dawson County High Fergus County High Flathead County High	3 6 6 4 5 15	Gallatin County High Jefferson County High Missoula County High Park County High Powell County High Sweet Grass County High COUNTY HIGH SCHOOL TOTAL	7 4 16 4 5 7 82
OTHER AGENCIES: Billings Water Department Bitterroot Irrigation Dist. Greenfield Irrigation Dist. Health District II	76 13 22 6	Health District III Livingston Water Department Malta - Dodson Irrigation Missoula Public Library	12 8 15 8
	7 7	OTHER AGENCIES TOTAL	100

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